

**CONTRA COSTA COUNTY
REQUEST FOR PROPOSALS (RFP)
FOR
EMPLOYEE HEALTH AND WELFARE BENEFITS
CONSULTING AND ACTUARIAL SERVICES**

**PRE-PROPOSAL QUESTIONS AND ANSWERS
BIDDERS' CONFERENCE FEBRUARY 26, 2010**

1. The RFP states that the County anticipates conducting a full marketing of all its medical plans. Would this be done for an effective date of January 2011?

- Many collective bargaining agreements do not expire until June 2011, so we would anticipate that any potential plan changes (such as changing medical plan vendors) would not go into effect until January 2012. However, there is always the possibility that marketing would be done sooner if conditions warranted it (e.g. large renewal increases, etc.)

2. Could you clarify the County and consultant relationship with the Contra Costa Health Plan (CCHP)?

- The Contra Costa Health Plan (CCHP) is a plan that uses the County Hospital and other health facilities to provide coverage to County employees who have enrolled in the Plan. CCHP also provides coverage to other employers and to individuals. CCHP is a vendor of the County in that it provides an "HMO" program and yet, the employees who provide services under CCHP are also County employees. The consultant works with CCHP on service issues, plan

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utilization and reporting. There is not the same sort of rate negotiation with CCHP as is done with the County's other vendors.

3. When the County initially calculated its GASB 45 liability it was reported that this could result in insolvency for the County by 2012. Can you comment on this?

- In a March 1, 2007 task force report to the Finance Committee on the Other Post Employment Benefits challenge, the task force reported that 'Failure to budget the ARC (Annually Required Contribution) will wipe out the County's net assets and by FY 2012, the County will be technically insolvent. Since that time the County, in cooperation with its employee bargaining groups, has had tremendous success towards reducing the liability. Those successes include reductions in County subsidies, elimination of dual coverage, establishment of an irrevocable trust, and partial pre-funding. The last calculation showed a reduction from the original \$2.6 billion total liability to \$1.4 billion. The 2010 valuation is in process and is expected to be released in the next six weeks.

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4. Can you tell us on-average what the annual spend has been on projects outside of the retainer? Has it been a fraction of the retainer or a more significant amount?

- This has varied greatly by year. On page 3 of the response to the questions received prior to the bidders' conference we listed some of the out of scope projects done in recent years. Some of these have been large, some small, but overall out of scope projects have been sizable. Some were large enough that an RFP process was required for the project.

5. Can you give us a better idea of how many meetings the consultant attends with the benefits staff and various committees at the County?

- On average, this has worked out to about once a month, but it varies depending on the time of the year and different conditions. We try to be efficient and do phone conferences when that is feasible. The consultant does not routinely attend the meetings of the various County committees involved in benefits. Currently, there is a labor management committee that meets monthly and there is also a labor coalition health care task force. The consultant has been asked periodically to

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attend these meeting to provide expertise on a particular issue. The actuary does not attend all meetings – historically probably less than half of the meetings.

6. Is the County considering awarding the GASB contract to the same consultant as the Health and Welfare Benefits Consulting and Actuarial Services contract?

- The GASB contract is managed by the County Administrator's office, not through Employee Benefits. For this RFP, there is no specific intent to award the contract to the same consultant or to a different consultant – there are advantages and disadvantages of both approaches.